

# THE TRF EMPLOYER

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## Inside this issue

- *Pre/Post 96 Fund Status*
- *Retirement Application (Part II)*
- *Employer Rate for 96 Fund*
- *Re-employed Retirees*
- *Web News*
- *Making Adjustments to Prior Quarters*
- *Salary Reduction*
- *Quarterly Reporting on the Website*



## Pre/Post 96 Fund Status

Effective July 1, 2005, members will no longer be transferred from the pre 96 account to the post 96 account. If a member is rehired by another school corporation, the member will remain in their current status (as of July 1, 2005). However, members transferred from the pre 96 fund to the post 96 fund before July 1, 2005, will remain in the post 96 status. Each member's current status may be found on our website by utilizing the SSN/TRF number cross-reference site.

## Retirement Application (Part II)

Retirement season is upon us which means it is time to send the final Part II for your retirees as soon as possible. This information should be submitted no later than the date the retiree receives final payment from you. As always, this information may be submitted in advance, providing you have final pay records for the retiree. If you have any questions about completing the Part II, please contact our office. If you have been working with a counselor, please request to speak to that particular counselor.

## Employer Rate for 96 Fund

At a regularly scheduled meeting that convened on June 23, 2005, information was disseminated to the Board of Trustees regarding the 2005-2006 Employer Contribution Rate (ERP) and the Federally Supported Program (FSP) Contribution Rate. Presentations included a summary of results from an actuarial investigation and information from the Office of Management and Budget. Upon review and analysis of the information provided, the Board is expected to set the rate at the upcoming August 2, 2005 meeting.

The Board indicated new rates would not exceed 7.7% of covered payroll. Accordingly, we recommend that employers enter ERP and FSP Contribution Rates at 7.7%, with the understanding rates may drop slightly. Once rates are officially set, we will notify you as quickly as possible.

Please know your understanding and support through this process is greatly appreciated.

## Re-employed Retirees

Beginning July 1, 2005, the earnings limitation for re-employed retirees will increase from \$25,000 to \$35,000. Please contact Sabrina Edwards at (317) 232-3860 or toll-free at 1-888-286-3544 when re-employed retirees younger than the designated social security retirement age reach the earnings limitation. In addition, written notification via mail or fax to the Teachers' Retirement Fund prior to the member reaching the earnings limitation is required. When calculating the earnings limitation for teachers who are under contract, the contract amount must be divided by total number of days in the contract (daily rate). Next, the earnings limit is divided by the daily rate to determine the number of days a teacher may work before reaching the earnings limitation. Please note the following equations:

1.  $\text{Contract amount} \div \text{number of days in contract} = \text{daily rate}.$
2.  $\text{Earnings limitation (35,000.00)} \div \text{daily rate} = \text{number of days the teacher may work before reaching the earnings limitation}.$



**W** Need assistance or looking for a form? Our website contains information to answer almost any question and has just about every form you could possibly need.  
**E** Simply enter our website address: [www.in.gov.trf](http://www.in.gov.trf) and click away. If you have not  
**B** done so already, take a few minutes and try one of our most popular features:

### Live Chat

**N** Live Chat, an alternative to placing a call, allows members and employers the opportunity to interact with customer service representatives.

### Search the Website

**S** Can't find the information you need? Use the new search feature! Simply type in the topic of interest and all the pertinent pages will be listed.

## Making Adjustments to Prior Quarters

The ability to make adjustments to prior quarters is necessary for wage and contribution reporting. However, there has been some confusion regarding how to properly initiate these adjustments. Corrections to member accounts should never be reported on the quarterly report. All corrections should be made separately on school letterhead and should include the following information:

- A brief explanation of the adjustment to be made;
- Member name;
- Member social security number;
- Teacher Retirement Fund (TRF) Number;
- Quarter end date of the period to adjust;
- Amount of wages, contributions ( 3% post-tax, voluntary pre-tax or post-tax, ER share) and/or service days to be corrected; and
- If the adjustment is an increase to wages and contributions, a check for total contributions.



If there are multiple quarters to correct, wage and contribution adjustment amounts should be separated into respective quarters.

## Salary Reduction Information

In recent years, school administrator contracts have become more complex and difficult to interpret, especially the payment to certain tax deferred vehicles. As you are aware, state pension calculations rely in part on the average of the member's high five years basic salary. Amounts paid to a member that are not part of the basic salary with the exception of the first \$2,000, are excluded from pension calculations. However, amounts paid to certain tax deferred vehicles **are** included in the basic salary, providing those amounts are pursuant to the Salary Reduction Agreement. Please see IC 5-10.2-4-3 ( c ).

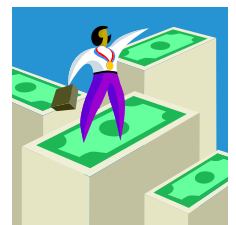
Because of the complexity of some contracts, it is often difficult for staff to identify whether certain payments are made as part of a Salary Reduction Agreement or added in lieu of employer provided fringe benefits. For your convenience, we have provided "model language" when utilizing Salary Reduction Agreements. If an employer is providing this type of tax deferred compensation, using this model or similar language will be most helpful in readily identifying amounts for basic salaries. If relevant, please be sure to include a copy of the salary reduction agreement with the teacher contract. As always, please consult your legal advisor regarding contract forms.

### Salary Reduction Agreement

I authorize my employer to reduce my salary by \$ \_\_\_\_\_ to allow for the purchase of \_\_\_\_\_ supplemental retirement or deferred compensation benefits on my behalf and to remit the designated amounts each pay period to the appropriate vendor(s). Further, I authorize my employer to withhold the annual or transaction fee(s) for administration of the Tax Sheltered Annuity (TSA) plan from my salary. I understand this Salary Reduction Agreement is legally binding and irrevocable with respect to salaries that become payable to me while this agreement is in effect. In addition, I understand the amount used to purchase the above described benefit is considered part of my basic salary earned and paid to me, except for this Salary Reduction Agreement established under and in accordance with Section 125, 403(b), or 457 of the Internal Revenue Code.

Indiana pension law does not allow payments made for accrued but unused sick leave to be used as the basic salary. However, bonuses paid for attendance may be used, provided bonuses are available to all employees of the employing unit. For a bonus to be eligible, it must meet the following criteria:

1. Payment is made directly to the teacher and not to a tax deferred vehicle. (except SRA provided in IC 5-10.2-4-3);
2. Payment is available to all teachers in the school corporation in accordance with 550 IAC 2-2-7;
3. Payment does not buy down the number of sick days available for use for paid time off by the teacher ( IC 5-10.2-4-3 (d) would make that severance pay ); and
4. Payment is not "in contemplation of the member's retirement" as that term is defined in IC 5-10.2-4-3(d), which provides that up to \$2,000 of pay received from the employer in contemplation of retirement is included in annual compensation, if received before separation from service or within 12 months after separation from service.



## Quarterly Reporting on the Website

Submitting the quarterly wage and contribution file via the website has been a tremendous success. Over 86% of qualified public school corporations are utilizing this convenient reporting mechanism.

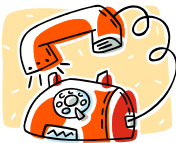
### ***How to electronically submit the quarterly wage and contribution file:***

- \* Go to the website 'Employers' section and select the 'wage and contribution reporting' tab;
- \* Enter your user name and password to access the site;
- \* Submit your report using the directions listed;
- \* The database will run a validation against all data on the file;
- \* User should receive notification the file was sent and is being checked; and
- \* User is sent one of two different email messages generally within a few minutes. If the message states:
  1. A "Report has been accepted for submission," you are finished and should send your payment and transmittal form; or
  2. "Report contained errors, attached is the error report..." If you get an error report, please make necessary corrections and resubmit the report. This process should be repeated as needed until you receive an email stating the report has been accepted.
- If you do not receive an email response within 24 hours, please contact Therese Koers at 317-234-1588 or toll free at 1-888-286-3544.

### ***Helpful Hints:***

- \* Submit the file as early as possible, even if you are aware of errors that exist on the report. This will give you additional time to filter any errors you may not be aware of.
- \* Use our TRF/SSN on-line cross-reference to look up missing TRF numbers by:
  1. Going to the website 'Employers' section and selecting 'SSN/TRF Cross Ref' tab;
  2. Entering your user name and password to access the site; and
  3. Typing the SSN and first 5 letters of the member's last name and click 'Submit.' You may look up twenty (20) members at one time.

## Contacting the Fund



Local	(317) 232-3860
Toll Free	(888) 286-3544
TDD/TYY	(317) 233-3306
Fax Number	(317) 232-3882
Website	<a href="http://www.in.gov/trf">www.in.gov/trf</a>
E-mail	<a href="mailto:trf@state.in.us">trf@state.in.us</a>



The Teachers' Retirement Fund Newsletter is a publication to update our employers about Fund news and to offer general information about Fund benefits. For your convenience, specific information is available in the Employer Handbook.

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